

Review Requirements Checklist Credit Property Insurance (CP), Line 28

Credit Property means a policy of insurance that covers perils to goods purchased through a credit transaction or used as collateral for a credit transaction and that concerns a creditor's interest in the purchased goods or pledged collateral either in whole or in part.

COMPANY NAME:

NAIC #:

REVIEW REQUIREMENTS	REFERENCE (See www.azleg.state.az.us for applicable statute.)	COMMENTS	REFERENCE Form/Page/ Paragraph
I. FORMS			
Transmittal Form			
Filing Transmittal Form	Unpublished Requirement	Filings must include a completed Property & Casualty Transmittal Document and Checklist as well as a Form Filing Transmittal and/or Rate/Rule Filing Transmittal. The forms may be found at the Department's website: http://www.id.state.az.us . When forms and rates are filed simultaneously use one transmittal document. If either part is, thereafter, found to be noncompliant the entire filing will be disapproved.	
Applications			
Referenced In the Policy	A.R.S. § 20-1621.04	Incorporated by reference in or attached to the policy.	
Statements As Representations, Not Warranties	A.R.S. § 20-1109		
Fraud Must Be Material	A.R.S. § 20-463(A)	Statements in the application that would preclude recovery for fraudulent activity must restrict nonrecovery for fraud based on material facts.	
Cancellation & Nonrenewal			
Premium Refund	A.R.S. § 20-1621.07	On cancellation for any reason, the debtor is entitled to a refund of unearned premiums calculated on a daily pro rata basis except that an insurer is not required to make a refund of less than five dollars.	
Policy or Certificate Termination	A.R.S. § 20-1113(7)(Does not apply to group policies)	The cancellation provisions of a policy are considered part of the conditions.	
Filing Standards			
Prior Approval	A.R.S. § 20-1621.04	All policy forms must be filed.	
Cannot Be Unjust, Unfair, Inequitable, Ambiguous, Misleading Or Deceptive	A.R.S. §§ 20-1621.04(B)(2); 20-398(A); 20-1111(A)(2)		
General Provisions			
Charter; Bylaws	A.R.S. § 20-1114		
Blank Forms	Unpublished Requirement	The ADOI will not approve blank forms. The forms should be completed in "John Doe" fashion to illustrate the type of language that will be placed on the form.	
Contents Of The Policy (Name of Insurer and Address)	A.R.S. § 20-1621.03(F)(1)		
Contents Of The Policy (Debtor Name)	A.R.S. § 20-1621.03(F)(2)		
Contents Of The Policy (Premium)	A.R.S. § 20-1621.03(F)(3)	State the premium to be paid by the debtor. On open end loans, the premium rate and balance to which the rate applies shall be specified.	
Contents Of The Policy (Subject)	A.R.S. § 20-1621.03(F)(4)	Full Description of the coverage. To include the amount, exceptions, limitations, and exclusions.	
Contents Of The Policy (Term)	A.R.S. § 20-1621.03(F)(4)		
Contents Of The Policy (Conditions)	A.R.S. § 20-1621.03(F)(5)	Statement that benefits paid to creditor shall repair or replace property. When amount of loss payment exceeds unpaid debt then excess payment paid to debtor.	
Assignment	A.R.S. § 20-1122		
Execution	A.R.S. § 20-1116		

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Coverage	A.R.S. § 20-1621.02(B)(C); 20-1503	Minimum coverage to include coverage found in the standard fire policy with coverage attachment and extended coverage endorsement to include the possibility of an actual and substantial risk of loss or damage to the property related to the credit transaction.	
Standard Fire Policy Provisions	A.R.S. § 20-1503	No policy of fire insurance covering property located in Arizona shall be made, issued or delivered unless it conforms as to all provisions of the basic policy commonly known as the New York standard fire policy, edition of 1943 (165 lines). CP to include coverage attachment and extended coverage endorsement.	
Policy To Reference Annual Disclosure notice	A.R.S. § 20-1621.03(G)	Policies issued to cover open-end consumer transactions shall provide that the policyholder or certificate holder will be furnished a disclosure notice with the account statement at least annually in no smaller than ten-point type. This notice shall contain the prescribed wording stated in the law.	
Illegal Provisions			
Titles Or Headings	A.R.S. § 20-1111(A)(3)		
Void Policy Restrictions	A.R.S. § 20-1115		
Invalidation Of The Policy	A.R.S. § 20-229(C)	Lack of a signature does not invalidate a policy.	
II. RATES			
Filing Requirements			
Prior Approval	A.R.S. § 20-1621.04	Rates to be filed and approved by the Director before use.	
Supporting Data	Unpublished Requirement	Actual support should include, but is not limited to the following:	
		a) Past and prospective loss experience of insurer inside and outside the state.	
		b) General and Administrative expenses;	
		c) Acquisition expenses;	
		d) Creditor compensation;	
		e) Investment Income;	
		f) Premium taxes, Licenses, Fees, Assessments;	
		g) Underwriting Profit and Contingencies;	
No Filing Required If Prima Facie Rates Are Used	A.R.S. § 20-1621.05(C)&(1)	Concurrently with development of the loss ratio standard the Director shall establish Prima Facie Rates. Insurer rates that do not exceed Prima Facie rates do not have to be filed subject to the filing of insurer certification by April 1 of each year stating its rates do not exceed the prima facie rates.	
Setting Rates			
Rating standards	A.R.S. § 20-1621.04(B)(1); 20-1621.05(A)	Rates shall be reasonable in relation to the benefits provided and shall not be excessive, inadequate or unfairly discriminatory.	
Exposure Rating Base	A.R.S. § 20-1621.02(E)	An insurer shall not use gross debt as an exposure rating base in determining credit property insurance premiums.	

CERTIFICATION

I, _____, hereby certify that to the best of my knowledge and belief that each form or rate filing involved in this filing: 1) Conforms to all applicable requirements outlined above; 2) Contains no provision(s) previously disapproved or required to be corrected and/or revised by the Arizona Department of Insurance; and 3) Does not exceed this insurer's powers, the authority granted by its state of domicile, and its Arizona certificate of authority.

Signature of Officer: _____

Date: _____